



PRESS RELEASE

SMEs IN EAST OF ENGLAND SAY BANKS ARE STUNTING GROWTH AND SLOW ECONOMIC RECOVERY IS EXPECTED, FINDS QBE SURVEY

Chelmsford, 15 January 2010

Key points

- 73% of East England SMEs believe that banks are holding back from lending and stalling sound business propositions
- Only 1 in 3 expect the UK to see full economic recovery in 2010
- Majority say that a downward trend in unemployment figures is the greatest indicator of recovery

The third survey of small and medium sized enterprises (SMEs) from QBE, the specialist business insurer, shows that although business conditions are still challenging - 54% say that they would experience continued difficulty if current conditions were to persist - a significant 81% expect to maintain or increase sales in the first half of 2010. This figure is a significant increase from the 57% of SMEs in the region who expected to increase or maintain sales in 2009.

The survey identified that although SMEs in the East of England expect the UK to make a slow recovery from the recession, they forecast that their own individual businesses will bounce back faster than the UK as a whole. The majority, 68%, said they did not expect the UK to see full economic recovery in 2010, yet 60% said their own business had either already recovered or would do so in the coming year.

Growth still a long way off

Although it is clear that SMEs in the East of England have weathered the recession well, the findings from the survey indicated the majority of these enterprises are focused on staying afloat, rather than building their business. The survey found that over two thirds, 65%, of those asked said they would not or were not sure that they would invest in their business in the first half of 2010.



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The findings of the survey illustrated that the lack of growth may be linked to increased concerns over credit availability, with 43% of SMEs in the East of England saying they thought it would be difficult to access commercial credit. Furthermore, a considerable 73% said they thought banks were holding back from providing this credit and, in so doing, were stalling sound business propositions.

Signs of a recovery

When asked which economic changes would signal that the country had pulled out of and away from the recession, the survey showed that a decrease in unemployment figures was the most likely development to be considered a strong sign of recovery. This finding perhaps indicates that, out of all the recessionary measures taken by small to medium sized businesses during the downturn, staff cutbacks have been felt the most keenly.

Jon White, Commercial Manager at QBE's Chelmsford office, commented:

"Despite continued difficulties in the business environment, the region's SMEs are performing well and their optimistic forecasts for the coming year are encouraging. While conditions are uncertain, it is unsurprising that their focus is on staying afloat rather than expanding. As confidence improves we have to hope that sufficient prudent lending will re-emerge, to assist businesses in the East of England make the most of the upturn."

-ENDS-

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Notes to editors

About the QBE Business Sentiment Survey

Data were collected by The Survey Shop in November 2009. A total of 402 interviews were conducted by telephone using quota sampling. Respondents were qualified as owners, managers and decision-makers, and the data are representative of SMEs in UK and Ireland.

About QBE

Founded in Australia over 100 years ago, QBE Insurance Group is a specialist business insurer, now operating out of 45 countries across the globe. We have been active in the UK since 1904, originally within the marine insurance market, but branching out more recently to offer commercial insurance to companies across the UK. At the end of 2008, the Group's turnover was over £6bn, making it one of the largest insurance firms in the UK.

We provide insurance for a broad range of business categories, including property, motor (commercial, bus and fleet), public and product liability insurance, professional indemnity, leisure and sport, marine, energy, aviation, and specialty insurance, including bloodstock.

In the UK QBE is rated a leading insurer for claims service,* among the top three insurance companies for service overall by *Insurance Times*, 2008 and was chosen as 'most competitive insurer' in July 2009**.

* June 2009, source: Gracechurch Survey

** Source: Insurance Times

QBE is proud to be the official insurance partner of the Guinness Premiership. This partnership with the world's most competitive domestic rugby union competition will allow QBE's brand to develop and business to grow in the UK.